

## Risk Management Involves Risks and Opportunities

The Project Management Body of Knowledge (PMBOK) has the information to train program managers. A key part of this training is risk management. The PMBOK section on risk management defines risks and opportunities as two sides of uncertainty. A risk is something that might go wrong and harm a project. An opportunity is something that might go right and help the project. Both risks and opportunities involve uncertainty. Program managers avoid risks and focus on opportunities to make sure businesses succeed.

Risks can cause delays, increase costs, or lower the quality of a product. For example, a risk might be a supplier delivering materials late, which could slow down the entire project. In risk management, the goal is to identify these risks early and reduce their impact. People create plans to reduce risks, like finding backup suppliers or setting aside extra time in the schedule.

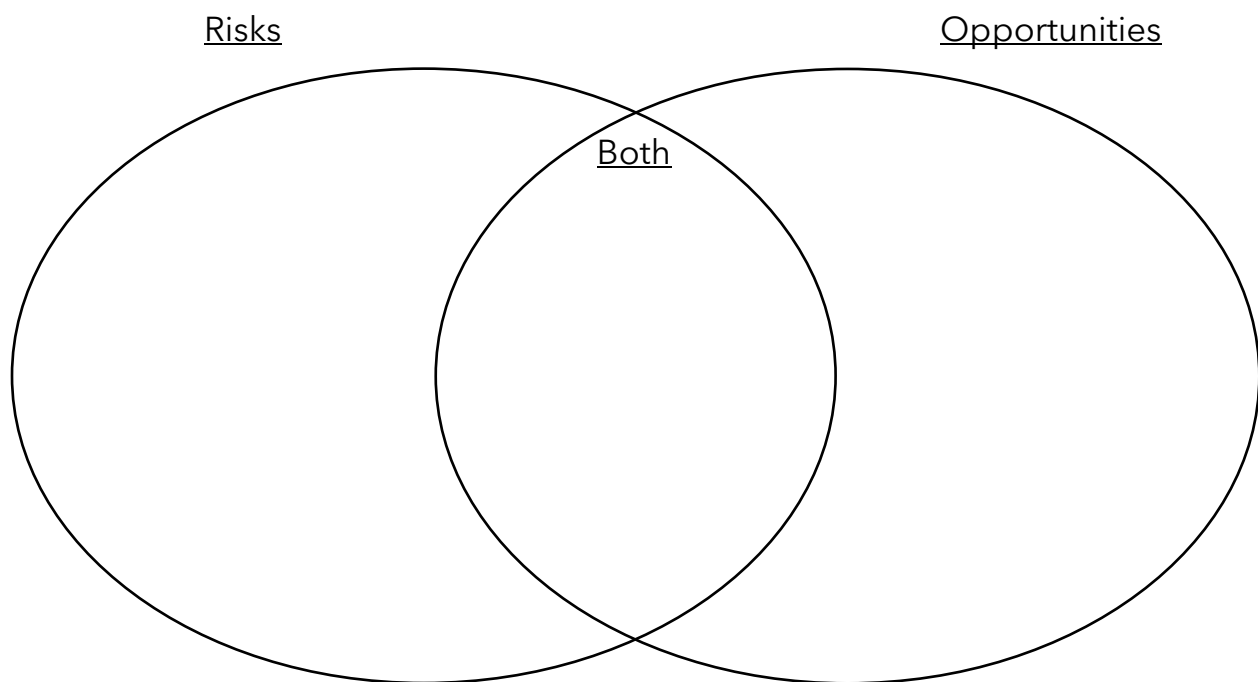
Opportunities, on the other hand, are chances to make the result better. They can save time, reduce costs, or improve outcomes. For example, a new, faster way to build something is an opportunity. Managing opportunities involves identifying them, analyzing their benefits, and putting them into action. Like risks, opportunities need careful planning to make sure they are managed.

The PMBOK emphasizes that both risks and opportunities are part of risk management. Managing risks reduces negative effects, while managing opportunities increases positive outcomes. A balanced approach ensures the project stays on track and benefits from unexpected chances.

Altogether, risks and opportunities are both uncertainties in projects. Risks focus on avoiding harm, and opportunities focus on creating advantages. Managing both is important to make sure businesses are prepared for the future.

1. What is the definition of a "risk" in this reading?
  - a. something people are unsure if it will happen
  - b. something people want to happen in the future
  - c. something that could happen and have positive consequences
  - d. something that could happen and have negative consequences
2. What is the definition of an "opportunity" in this reading?
  - a. something people are certain will happen
  - b. something people want to happen in the future
  - c. something that could happen and have positive consequences
  - d. something that could happen and have negative consequences

3. Why is “PMBOK” in parenthesis in the first paragraph?
- a. to abbreviate Project Management Body of Knowledge
  - b. to remind readers that it is not important to understand
  - c. to indicate that PMBOK will be part of the main idea in the text
  - d. to explain that the letters are showing an example of a new idea
4. What does “on the other hand” mean?
- a. this idea is a brand new idea
  - b. this idea is different from the previous idea
  - c. the sentence is giving details about earlier ideas
  - d. the topic is not related to the earlier parts of the text
5. Why does the second paragraph mention a supplier delivering materials?
- a. It is an explanation of what the word risk means in this text.
  - b. It is an example of a risk to help readers understand the concept.
  - c. It is the best thing that can happen to cause a opportunity for projects.
  - d. It is a common way that people use risk management in the real world.
6. Why is a “balanced approach” important for risk management?
- a. both risks and opportunities can impact a business
  - b. people may not know about any risks or opportunities
  - c. risk management can take a long time to plan for new risks
  - d. finding the most important opportunities can make risks less important
7. Use the Venn diagram to compare and contrast risks and opportunities. Put two facts in each section of the diagram.



## Answer Key

1. D
2. C
3. A
4. B
5. B
6. A
7. Venn diagrams will differ, but all correct answers will have two correct facts in each section. Here are common facts for the three sections:

### Risks only:

- something that can go wrong
- could harm a project
- may include delays or costs
- should be avoided

### Both risks and opportunities:

- can be unexpected
- parts of risk management
- should be planned for by risk managers
- defined in the PMBOK

### Opportunities only:

- can make a project better
- could include saving time or money
- should be maximized

Other text-based facts are also acceptable answers.